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Question 1

Question Type: MultipleChoice

To make loading/unloading more effective and efficient, which feature should be included in vehicle dock design?

Options:

- A- Steeper slope will reduce the chance of errors and accidents
- B- 'Dual-use' docks are always the most efficient
- C- Vehicle docks only require a small area to ensure faster goods flow
- D- The dock platform is almost at the same level as the height of the trailer's rear platform

Answer:

D

Explanation:

Warehouse dock is a feature of warehouse design - used for unloading and loading vehicles. It is crucial to carefully design where they are externally located in a facility and choose the best type of dock depending on the available space.

In many cases efficient and effective loading and unloading is achieved by a dock design that places the loading and unloading vehicle' rear platform at the same height as the warehouse floor.

Slopes in docking areas must always be as small as possible: the gentler the slope, the less chance of errors and accidents. If a warehouse is going to be used by large volume vehicles, such as high cubes, it may be necessary to install special devices, such as hydraulically adjustable docks or ground level lift platforms.

Current trends indicate that vehicles that are longer and wider and have a greater volume will be increasingly common. Therefore, when planning the location of the docks, it would be useful to ensure that there is a large area for the approach, manoeuvring and build-up of large vehicles.

One option to increase the efficiency of the docks is to combine reception and dispatch into a single area (dual use). This solution drastically reduces costs and, above all, increases the use of handling equipment and personnel. However, if this is justified by the volume of material flows, there can also be separate access points for each function (some for reception and others for dispatch - 'sole use').

- Warehouse docking areas - Interlake

- CIPS study guide page 13

LO 1, AC 1.1

Question 2

Question Type: MultipleChoice

Which of the following are subjective forecasting techniques? Select TWO that apply.

Options:

A- Delphi method

B- Test marketing

C- Cycle counting

D- Pareto principle

Weighted moving average

Answer:

A, B

Explanation:

The most common subjective forecasting techniques include the following:

- Market surveys
- Employee surveys
- Expert knowledge (Delphi method is a method using expert knowledge)

- Test marketing

Cycle counting is a periodic analysis of inventory in a storage location which is conducted through the counting of samples instead of physically counting the entire inventory available, so as to quickly have an accurate estimate of the inventory available without causing a stop to the day to day working as is the case with physically counting every unit.

The Pareto principle (also known as the 80/20 rule, the law of the vital few, or the principle of factor sparsity) states that, for many events, roughly 80% of the effects come from 20% of the causes.

Weighted moving averages assign a heavier weighting to more current data points since they are more relevant than data points in the distant past. The sum of the weighting should add up to 1 (or 100 percent).

LO 2, AC 2.3

Question 3

Question Type: MultipleChoice

PPC Refinery (UK) must close down an out-of-date refinery which has very poor environmental performance. The refinery is very sophisticated with many technically complicated machineries, lubricants, coolants and other chemical substances. Decommissioning the refinery is highly risky and hazardous. To manage the decommissioning process well, PPC project team must know these machineries and substances in details. Which document can provide the technical details on the refinery?

Options:

- A- Original specifications
- B- Non-disclosure agreement
- C- Code of Conduct
- D- Corporate social responsibility policy

Answer:

A

Explanation:

Decommissioning or disposal should start with the original specifications of the assets so that the organisation and supplier can make an appropriate plan. Some specifications also mention the is-sues regarding to end-of-life environmental factors.

LO 3, AC 3.3

Question 4

Question Type: MultipleChoice

Which of the following lists all components, ingredients, and materials required to produce the final product?

Options:

- A- Master schedule
- B- Engineering change notice
- C- Purchase order
- D- Bill of materials

Answer:

D

Explanation:

Master production schedule (MPS) plans items that have "direct" demand, or "independent demand." With independent demand, the demand comes from sales orders, service orders, or forecasts, and the demand comes directly from customer---or forecasted---requirements. It is the list that provides the timing of the production schedule and shows how much each machine can produce, how many shifts are used, etc.

A bill of materials (BOM) is a comprehensive inventory of the raw materials, assemblies, subassemblies, parts and components, as well as the quantities of each, needed to manufacture a product.

Question 5

Question Type: MultipleChoice

Ranger Mobile Ltd is a emerging smartphone manufacturer. The manufacturer adopts the just-in-time method: First, the customers make orders, then it will decide which components to be pur-chased according to the bill of materials. These components are known as which of the following?

Options:

- A- Indirect items
- B- Capital goods
- C- Dependent demand items
- D- Independent forecast items

Answer:

C

Explanation:

Dependent demand is the requirement for stock item which is directly related to and therefore de-pendent upon the rate of production (examples are: raw materials, components, energy). The com-ponents in the scenario are dependent demand items.

Independent demand is the requirement for stock item which is not directly related to, and is therefore independent of rate of production.

LO 2, AC 2.1

Question 6

Question Type: MultipleChoice

Which of the following is the formula for calculating the re-order level?

Options:

- A-** Average usage in a lead-time / Required level of safety stock
- B-** Required level of safety stock x Average usage in a lead-time.

C- Required level of safety stock -- Average usage in a lead-time

D- Average usage in a lead-time + Required level of safety stock

Answer:

D

Explanation:

In management accounting, reorder level (or reorder point) is the inventory level at which a company would place a new order or start a new manufacturing run.

Reorder level depends on a company's work-order lead time and its demand during that time and whether the company maintain a safety stock.

If a company maintains a safety stock, reorder level calculation changes are follows:

Reorder Level = Average Demand Lead Time + Safety Stock

LO 2, AC 2.3

Question 7

Question Type: MultipleChoice

In inventory management, the cost of insurance and taxes are included in which group?

Options:

- A- Costs of shortage
- B- Inventory carrying cost
- C- Set up costs
- D- Acquisition costs

Answer:

B

Explanation:

Direct and indirect costs of holding inventory include the following:

1. Acquisition costs
2. Holding costs (carrying costs) are the costs associated with the storage and handling of physical stock. There are two different types of holding costs:

- a. Costs related to the value of the goods: financial costs (i.e. the interest on the working capital tied up in inventory, which may be the bank borrowing rate or the company's target for return on capital); cost of insurance; losses due to product deterioration; losses due to obsolescence and redundancy of inventory; losses due to theft, accidental damage etc.
- b. Costs related to the physical characteristics of the inventory include the following: storage space; power, heat and lighting of the store; movement equipment; labour costs; administration costs.
3. Costs of stockouts

LO 2, AC 2.2

Question 8

Question Type: MultipleChoice

Which of the following code systems is commonly used by governments as a basis for their Customs tariffs and for the collection of international trade statistics?

Options:

A- The International Mobile Equipment Identity

B- The Harmonized Commodity Description and Coding System

C- Global Trade Item Number

D- Global Location Number

Answer:

B

Explanation:

The Harmonized Commodity Description and Coding System, also known as the Harmonized System (HS) of tariff nomenclature is an internationally standardized system of names and numbers to classify traded products. It came into effect in 1988 and has since been developed and maintained by the World Customs Organization (WCO) (formerly the Customs Co-operation Council), an independent intergovernmental organization based in Brussels, Belgium, with over 200 member countries.

The Global Trade Item Number (GTIN) is an identifier for trade items, developed by GS1. Such identifiers are used to look up product information in a database (often by entering the number through a barcode scanner pointed at an actual product) which may belong to a retailer, manufacturer, collector, researcher, or other entity.

The Global Location Number can be used by companies to identify their locations, giving them complete flexibility to identify any type or level of location required.

The International Mobile Equipment Identity (IMEI) is a number, usually unique, to identify 3GPP and iDEN mobile phones, as well as some satellite phones.

Question 9

Question Type: MultipleChoice

Sidel Corp is a major food processor. It invested heavily on manufacturing facilities and processing machineries. Sidel's expenses on maintenance are exceptionally high. To minimise the total cost of maintenance, what should Sidel Corp do?

Options:

- A- Replace every machineries at breakdowns
- B- Only conduct preventative maintenance
- C- Outsource corrective maintenance but in-source preventative maintenance.
- D- Balance between proactive maintenance and reactive maintenance

Answer:

D

Explanation:

Maintenance can represent a significant portion of the cost in asset intensive organisations (such as Sidel - a food processor), as breakdowns have an impact on the capacity, quality and cost of operation. However, the formulation of a maintenance strategy depends on a number of factors, including the cost of down time, reliability characteristics and redundancy of assets. Consequently, the balance between preventive maintenance (PM) and corrective maintenance (CM) for minimising costs varies between organisations and assets. Nevertheless, there are some rules of thumb on the balance between PM and CM, such as the 80/20 rule.

Preventive maintenance is a type of proactive maintenance, while corrective maintenance is an example of reactive maintenance. Therefore, the answer should be 'Balance between proactive maintenance and reactive maintenance'.

- Preventive and corrective maintenance -- cost comparison and cost-benefit analysis
- CIPS study guide page 158-163

LO 3, AC 3.1

Question 10

Question Type: MultipleChoice

What is meant by the term 'obsolete stock'?

Options:

- A- Stock which has become outdated
- B- Low value/low risk stock
- C- Damaged stock
- D- Stock which has been stolen

Answer:

A

Explanation:

Obsolescent stock is stock, usually finished goods, which is in good condition and satisfactory working but for which demand is irreversibly falling towards zero. Once this demand reaches zero the stock can be considered 'obsolete'. It cannot be used or sold in its current state. Food ingredients (like candy canes) which are out of date are another example.

LO 2, AC 2.1

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